

Registered number: 02666902

CLARENDON SPECIALTY FASTENERS LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2018

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CLARENDON SPECIALTY FASTENERS LIMITED

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CLARENDON SPECIALTY FASTENERS LIMITED

STRATEGIC REPORT FOR THE YEAR ENDED 30 SEPTEMBER 2018

Principal activities and future developments

The principal activity of the Company is the distribution of fastener products. The Company has had a successful period of trading, and it is anticipated that the principal activity of the Company will continue in the future.

Business review

The Company is managed as part of an overall group of companies whose ultimate parent company is Diploma PLC ("the Group"). The Directors report revenue for the year ended 30 September 2018 of £26,744,000 (2017: £24,219,000) and an increase in operating profit from £4,932,000 to £5,644,000. The profit and loss account shows profit after taxation of £4,568,000 (2017: £3,947,000). The net assets of the Company as at 30 September 2018 are £12,204,000 (2017: £9,636,000). Overall, the underlying performance of the Company has improved, boosted by specific projects related to Aerospace and Motorsport.

The principal risks and uncertainties of the Company are integrated with the principal risks and uncertainties of the Group and are not managed separately.

The continued success of the Company is the ability to identify and manage effectively the risks to the business. Accordingly, in common with the Group generally, the Company has well-defined, rigorous policies and processes designed to identify, mitigate and control risk. The primary risks that have the potential to adversely impact on our business over the next twelve months are considered to be as follows:

- Downturn/instability in major markets: Adverse changes in the major markets in which the businesses held by the Company operate can have a significant impact on performance. The businesses owned by the Company identify key market drivers and monitor the trends and forecasts, as well as maintaining close relationships with key customers.
- Loss of key customers - the loss of one or more major customers can be a material risk. The nature of the Group's businesses is such that there is not a high level of dependence on any individual customer.
- Loss of key personnel - the Company is built upon a strong management team and the loss of key personnel can have an impact on the company. The company places high importance on developing and rewarding key employees to help in mitigating this risk.
- Inventory obsolescence - working capital management is critical to the success of the Company and the principle risk to working capital is inventory obsolescence and write-off. Inventory write-offs are controlled and managed by maintaining an appropriate inventory provision policy and perpetual inventory counts.

The Group manages its funding and liquidity risks on a consolidated basis, as referred to in the accounting policies. Full disclosure of the Group's financial risk management policies are set out in the consolidated financial statements of Diploma PLC which are prepared under International Financial Reporting Standards.

Financial key performance indicators

The key performance indicators which the Directors use to monitor and manage performance of the Company are revenue, operating profit and profit after tax, which are all disclosed and discussed in the business review above.

The matters required to be discussed in the Business Review, which include the key performance indicators and principal risks and uncertainties, are set out in the Annual Report of Diploma PLC on pages 6 to 33. A copy of this is available on the website at www.diplomapl.com or can be obtained from the Group Company Secretary, Diploma PLC, 12 Charterhouse Square, London, EC1M 6AX.

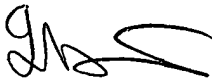
CLARENDON SPECIALTY FASTENERS LIMITED

STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 30 SEPTEMBER 2018

Going concern

The Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. The Directors have assessed the relevant factors surrounding going concern and conclude that there are no material events or uncertainties that may cast significant doubt about the ability of the Company to continue as a going concern. Accordingly, the annual report and financial statements have been prepared on a going concern basis.

This report was approved by the board on 28 March 2019 and signed on its behalf.



J R Hunt
Director

CLARENDON SPECIALTY FASTENERS LIMITED

DIRECTORS' REPORT
FOR THE YEAR ENDED 30 SEPTEMBER 2018

The Directors present their report and the audited financial statements for the year ended 30 September 2018.

Results and dividends

The profit for the financial year amounted to £4,568,000 (2017: £3,947,000).

An interim dividend of £2,000,000 (2017: £Nil) was paid during the year. The Directors do not recommend a final dividend (2017: £Nil).

Directors

The Directors who served during the year were:

J R Hunt
B M Thompson (resigned 8 May 2018)
N P Lingwood

Except as noted above, all Directors served throughout the year and are still Directors at the date of this report.

Qualifying third party indemnity provisions

The Company has made qualifying third party indemnity provisions for the benefit of its Directors which were made during the year and remain in force at the date of this report.

Disclosure of information to auditors

Each of the persons who are Directors at the time when this Directors' Report is approved has confirmed that:

- so far as the Director is aware, there is no relevant audit information of which the Company's auditors are unaware, and
- the Director has taken all the steps that ought to have been taken as a Director in order to be aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of Section 418 of the Companies Act 2006.

Independent Auditors

The Directors appointed an independent auditor PricewaterhouseCoopers LLP, during the year.

Under section 487(2) of the Companies Act 2006, PricewaterhouseCoopers LLP will be deemed to have been reappointed as auditors 28 days after these financial statements were sent to members or 28 days after the latest date prescribed for filing the accounts with the registrar, whichever is earlier.

CLARENDON SPECIALTY FASTENERS LIMITED

DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 30 SEPTEMBER 2018

This report was approved by the board on 28 March 2019 and signed on its behalf.



J R Hunt
Director

12 Charterhouse Square
London
EC1M 6AX

CLARENDON SPECIALTY FASTENERS LIMITED

**DIRECTORS' RESPONSIBILITIES STATEMENT
FOR THE YEAR ENDED 30 SEPTEMBER 2018**

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulation.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period.

In preparing the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 101, have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006.

CLARENDON SPECIALTY FASTENERS LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF CLARENDON SPECIALTY FASTENERS LIMITED

Report on the audit of the financial statements

Opinion

In our opinion, Clarendon Specialty Fasteners Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 30 September 2018 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report and Financial Statements (the "Annual Report"), which comprise: the balance sheet as at 30 September 2018; the profit and loss account, the statement of changes in equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

ISAs (UK) require us to report to you when:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

We have nothing to report in respect of the above matters.

However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the company's ability to continue as a going concern. For example, the terms on which the United Kingdom may withdraw from the European Union, which is currently due to occur on 29 March 2019, are not clear, and it is difficult to evaluate all of the potential implications on the company's trade customers, suppliers and the wider economy.

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

CLARENDON SPECIALTY FASTENERS LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF CLARENDON SPECIALTY FASTENERS LIMITED

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

With respect to the Strategic Report and Directors' Report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on the responsibilities described above and our work undertaken in the course of the audit, ISAs (UK) require us also to report certain opinions and matters as described below.

Strategic Report and Directors' Report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic Report and Directors' Report for the year ended 30 September 2018 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic Report and Directors' Report.

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Directors' Responsibilities Statement set out on page 5, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors' report.

Use of this report

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

CLARENDON SPECIALTY FASTENERS LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF CLARENDON SPECIALTY FASTENERS
LIMITED

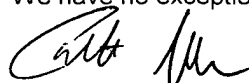
Other required reporting

Companies Act 2006 exception reporting

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the company, or returns adequate for our audit have not been received from branches not visited by us; or
- certain disclosures of directors' remuneration specified by law are not made; or
- the financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.



Charlotte Marnham (Senior statutory auditor)

for and on behalf of PricewaterhouseCoopers LLP

Chartered Accountants and Statutory Auditors
London

28 March 2019

CLARENDON SPECIALTY FASTENERS LIMITED

PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 30 SEPTEMBER 2018

	Note	2018 £000	2017 £000
Revenue	4	26,744	24,219
Cost of sales		(19,032)	(17,457)
Gross profit		7,712	6,762
Distribution costs		(252)	(236)
Administrative expenses		(1,816)	(1,594)
Operating profit	5	5,644	4,932
Tax on profit	9	(1,076)	(985)
Profit for the financial year		4,568	3,947

There were no items of comprehensive income for 2018 or 2017 other than those included in the profit and loss account and thus no separate statement of other comprehensive income has been prepared.

The notes on pages 12 to 25 form part of these financial statements.

All amounts relate to continuing operations.

CLARENDON SPECIALTY FASTENERS LIMITED
REGISTERED NUMBER: 02666902

BALANCE SHEET
AS AT 30 SEPTEMBER 2018

	Note	2018 £000	2017 £000
Fixed assets			
Goodwill	11	3,934	3,934
Tangible assets	12	289	327
Investments	13	1	1
		<u>4,224</u>	<u>4,262</u>
Current assets			
Stocks	14	5,833	5,210
Debtors: amounts falling due within one year	15	6,304	3,940
Cash at bank and in hand	16	922	930
		<u>13,059</u>	<u>10,080</u>
Creditors: amounts falling due within one year	17	(5,079)	(4,698)
Net current assets		<u>7,980</u>	<u>5,382</u>
Total assets less current liabilities		<u>12,204</u>	<u>9,644</u>
Deferred taxation	18	-	(8)
		<u>-</u>	<u>(8)</u>
Net assets		<u><u>12,204</u></u>	<u><u>9,636</u></u>
Capital and reserves			
Called up share capital	19	-	-
Profit and loss account		12,204	9,636
Total shareholders' funds		<u><u>12,204</u></u>	<u><u>9,636</u></u>

The financial statements on pages 8 to 25 were approved and authorised for issue by the Board and were signed on its behalf on 28 March 2019.



J R Hunt
Director

The notes on pages 12 to 25 form part of these financial statements.

CLARENDON SPECIALTY FASTENERS LIMITED

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 SEPTEMBER 2018

	Called up share capital £000	Profit and loss account £000	Total shareholders' funds £000
At 1 October 2016	-	5,689	5,689
Profit for the financial year	-	3,947	3,947
Total comprehensive income for the year	-	3,947	3,947
At 30 September 2017	-	9,636	9,636
Profit for the financial year	-	4,568	4,568
Total comprehensive income for the year	-	4,568	4,568
Dividends (Note 10)	-	(2,000)	(2,000)
At 30 September 2018	-	12,204	12,204

The notes on pages 12 to 25 form part of these financial statements.

CLARENDON SPECIALTY FASTENERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2018

1. General information

Clarendon Specialty Fasteners Limited is a private company, limited by shares, incorporated in the United Kingdom under the Companies Act 2006 and registered in England and Wales. The address of the registered office is 12 Charterhouse Square, London, EC1M 6AX. The Company's financial statements are presented in UK sterling and all values are rounded to the nearest thousand pounds (£000), except where otherwise indicated.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention and in accordance with Financial Reporting Standard 101 'Reduced Disclosure Framework' and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 101 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the Company's accounting policies. As the consolidated financial statements of Diploma PLC include the equivalent disclosures, the Company has taken advantage of the following disclosure exemptions available under FRS 101:

- A Cash Flow Statement and related notes as required by IAS 7 'Statement of Cash Flows';
- A comparative period reconciliation for share capital as required by IAS 1 'Presentation of Financial Statements';
- Disclosures in respect of transactions with wholly owned subsidiaries as required by IAS 24 'Related Party Disclosures';
- Disclosures in respect of capital management as required by paragraphs 134 to 136 of IAS 1 'Presentation of Financial Statements';
- The effects of new but not yet effective IFRSs as required by paragraphs 30 and 31 of IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors';
- Disclosures in respect of the compensation of Key Management Personnel as required by paragraph 17 of IAS 24 'Related Party Disclosures'; and
- Disclosure requirements of 91 to 99 of IFRS 13 'Fair Value Measurement' and by IFRS 7 'Financial Instruments: Disclosures'.

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements.

The financial statements contain information about Clarendon Specialty Fasteners Limited as an individual company and do not contain consolidated financial information as the parent of a group. The Company is exempt under section 400 of the Companies Act 2006 from the requirement to prepare consolidated financial statements as it and its subsidiary undertakings are included in the consolidated financial statements of its ultimate parent undertaking, Diploma PLC, a company registered in England and Wales.

CLARENDON SPECIALTY FASTENERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2018

2. Accounting policies (continued)

2.2 Going concern

The Company remains profitable, cash generative, in a strong net assets position and has no external debt. As such the Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. The Directors have assessed the relevant factors surrounding going concern and conclude that there are no material events or uncertainties that may cast significant doubt about the ability of the Company to continue as a going concern. Accordingly, the financial statements have been prepared on a going concern basis.

The Group manages its funding and liquidity risks on a consolidated basis. Additional information is included in the consolidated financial statements of Diploma PLC.

2.3 Goodwill

Goodwill represents the excess of the cost of a business combination over the total acquisition date fair value of the identifiable assets, liabilities and contingent liabilities acquired. Cost comprises the fair value of assets given and liabilities assumed.

Goodwill is capitalised as an intangible asset and is not amortised. Instead it is reviewed annually for impairment with any impairment in carrying value being charged to the profit and loss account.

2.4 Foreign currency translation

Functional and presentation currency

The Company's functional and presentational currency is UK sterling.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Profit and Loss Account.

2.5 Operating leases

Rentals paid under operating leases are charged to the Profit and Loss Account on a straight line basis over the lease term.

CLARENDON SPECIALTY FASTENERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2018

2. Accounting policies (continued)

2.6 Pension costs

The Company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Company pays fixed contributions into a separate entity. Once the contributions have been paid the Company has no further payments obligations.

The contributions are recognised as an expense in the Profit and Loss Account when they fall due. Amounts not paid are shown in accruals as a liability in the Balance Sheet.

2.7 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in the Profit and Loss Account, except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the balance sheet date in the countries where the Company operates and generates income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the Balance Sheet date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

2.8 Tangible assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

At each reporting date the company assesses whether there is any indication of impairment. If such indication exists, the recoverable amount of the asset is determined which is the higher of its fair value less costs to sell and its value in use. An impairment loss is recognised where the carrying amount exceeds the recoverable amount.

CLARENDON SPECIALTY FASTENERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2018

2. Accounting policies (continued)

2.8 Tangible assets (continued)

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

The estimated useful lives range as follows:

Plant and machinery	- 20% - 33%
Motor vehicles	- 25%
Fixtures and fittings	- 10% - 33%
Leasehold improvements	- 14%

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the Profit and Loss Account.

2.9 Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment. Investments are reviewed for indicators of impairment annually.

2.10 Stocks

Stocks are stated at the lower of cost and net realisable value, being the estimated selling price less costs to complete and sell. Cost is based on the cost of purchase on a first in, first out basis. Work in progress and finished goods include labour and attributable overheads.

At each balance sheet date, stocks are assessed for impairment. If stock is impaired, the carrying amount is reduced to its selling price less costs to complete and sell. The impairment loss is recognised immediately in profit or loss.

2.11 Debtors

Debtors and other receivables are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any provision for impairment.

2.12 Dividends

Equity dividends are recognised when they become legally payable.

2.13 Creditors

Creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers.

Creditors are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

CLARENDON SPECIALTY FASTENERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2018

3. Judgements in applying accounting policies and key sources of estimation uncertainty

The application of the Company's accounting policies requires the use of management judgement and estimation, which often involves assumptions regarding future events which can vary from what is anticipated. There are no critical accounting judgements or estimates. The Directors believe that the financial statements reflect appropriate judgements and estimates and provide a true and fair view of the Company's performance and financial position.

4. Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue is recognised when the significant risks and rewards of ownership of the goods have been transferred to the customer, which is usually upon shipment, or in line with terms agreed with individual customers and when the amount of revenue and costs incurred can be measured reliably. Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. Revenue is attributable to one principal activity of the Company.

Analysis of revenue by country of destination:

	2018 £000	2017 £000
United Kingdom	16,577	15,526
Rest of Europe	6,365	5,782
Rest of the world	3,802	2,911
	<u>26,744</u>	<u>24,219</u>

5. Operating profit

The operating profit is stated after charging / (crediting):

	2018 £000	2017 £000
Depreciation of tangible fixed assets	110	116
Foreign exchange losses / (gains)	14	(26)
Defined contribution pension cost	117	108
Write-down stocks to net realisable value	110	106
Operating lease payments	115	111
	<u>115</u>	<u>111</u>

CLARENDON SPECIALTY FASTENERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2018

6. Auditors' remuneration

The company paid the following amounts to its auditors in respect of the audit of the financial statements and for other services provided to the Company:

	2018 £000	2017 £000
Fees for the audit of the Company	<u>25</u>	<u>12</u>

There were no non audit services provided to the Company, in either year.

7. Employees

Staff costs, including Directors' remuneration, were as follows:

	2018 £000	2017 £000
Wages and salaries	3,005	2,643
Social security costs	268	241
Other pension costs	117	108
	<u>3,390</u>	<u>2,992</u>

The average monthly number of employees, including the Directors, during the year was as follows:

	2018 No.	2017 No.
Sales	23	23
Operations	45	39
Administration	7	6
	<u>75</u>	<u>68</u>

CLARENDON SPECIALTY FASTENERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2018

8. Directors' remuneration

	2018 £000	2017 £000
Directors' emoluments	195	197
Other pension costs	16	16
	<u>211</u>	<u>213</u>

During the year retirement benefits were accruing to one Director (2017: one) in respect of defined contribution pension schemes.

One Director received emoluments during the year in respect of their services to the Company (2017: One). The other Directors were remunerated by other Group companies and their remuneration is disclosed in the financial statements of those companies.

9. Tax on profit

	2018 £000	2017 £000
Corporation tax		
Current tax on profits for the year	1,109	964
Adjustments in respect of previous periods	(9)	-
Total current tax	<u>1,100</u>	<u>964</u>
Deferred tax		
Origination and reversal of timing differences	(24)	21
Total deferred tax	<u>(24)</u>	<u>21</u>
Tax on profit	<u>1,076</u>	<u>985</u>

CLARENDON SPECIALTY FASTENERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2018

9. Tax on profit (continued)

Factors affecting tax charge for the year

The tax assessed for the year is higher than (2017 - *higher than*) the standard rate of corporation tax in the UK of 19.0% (2017: 19.5%). The differences are explained below:

	2018 £000	2017 £000
Profit before taxation	5,644	4,932
Profit before taxation multiplied by standard rate of corporation tax in the UK of 19.0% (2017: 19.5%)	1,072	962
Effects of:		
Adjustments in respect of previous periods	(9)	-
Short term timing difference leading to an increase in taxation	37	2
Origination and reversal of timing differences	(24)	21
Total tax charge for the year	1,076	985

Factors that may affect future tax charges

A reduction to the rate of corporation tax to 17% (effective 1 April 2020) has now been enacted. The impact of any resulting changes to the valuation of any deferred tax assets or liabilities is reflected within the financial statements.

10. Dividends

	2018 £000	2017 £000
Ordinary		
Dividends	2,000	-

Dividends of £20,000 per ordinary share (2017: £Nil) were paid during the year.

CLARENDON SPECIALTY FASTENERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2018

11. Goodwill

	£000
Cost and net book value	
At 1 October 2017 and 30 September 2018	<u><u>3,934</u></u>

Goodwill is tested for impairment annually. The impairment test requires a "value in use" valuation to be prepared using discounted cash flow forecasts. The cash flow forecasts are based on a combination of annual budget and the Company's strategic plan which is aligned with that of the Group. Beyond five years, cash flow projections utilise a perpetuity growth rate of 2%. The cash flow forecasts are discounted using a single market derived pre-tax discount rate of ca.11% (2017:12%).

The key assumptions used to prepare the cash flow forecasts relate to gross margins, revenue growth rates and the discount rate. The gross margins are assumed to remain sustainable, which is supported by historical experience; revenue growth rates generally approximate to the long term average rates for the markets in which the business operates. The annual growth rate used in the cash flow forecast for the next five years represents the budgeted rates for 2018 and thereafter, average growth rates; these annual growth rates then reduce to 2% over the longer term.

Based on the criteria set out above, no impairment in the value of goodwill was identified.

CLARENDON SPECIALTY FASTENERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2018

12. Tangible assets

	Leasehold improvements £000	Plant and machinery £000	Motor vehicles £000	Fixtures and fittings £000	Total £000
Cost					
At 1 October 2017	124	56	5	369	554
Additions	-	46	-	27	73
Disposals	-	(8)	-	(17)	(25)
At 30 September 2018	<u>124</u>	<u>94</u>	<u>5</u>	<u>379</u>	<u>602</u>
Accumulated depreciation					
At 1 October 2017	21	9	5	191	226
Charge for the year on owned assets	18	15	-	77	110
Disposals	-	(6)	-	(17)	(23)
At 30 September 2018	<u>39</u>	<u>18</u>	<u>5</u>	<u>251</u>	<u>313</u>
Net book value					
At 30 September 2018	<u>85</u>	<u>76</u>	<u>-</u>	<u>128</u>	<u>289</u>
At 30 September 2017	<u>103</u>	<u>47</u>	<u>-</u>	<u>177</u>	<u>327</u>

CLARENDON SPECIALTY FASTENERS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2018**

13. Investments

	Investments in subsidiary companies £000
Cost and net book value	
At 30 September 2018 and 30 September 2017	<u><u>1</u></u>

Subsidiary undertakings

	Class of shares	Holding	Principal Activity		
Name					
Amfast Limited*	Ordinary	100%	Dormant	-	-
Clarendon Engineering Supplies Limited*	Ordinary	100%	Dormant	-	-
Speciality Fasteners and Components Limited*	Ordinary	100%	Dormant	-	-
Speciality Fasteners Limited*	Ordinary	100%	Dormant	-	-

*Registered office address: 12 Charterhouse Square, London, EC1M 6AX, UK.

The carrying value of investment is supported by the underlying assets.

14. Stocks

	2018 £000	2017 £000
Finished goods held for resale	<u><u>5,833</u></u>	<u><u>5,210</u></u>

There is no material difference between the Balance Sheet value of stocks and their replacement cost.

Stock is stated net of impairment provision of £786k (2017: £771k). The amount charged against profit in the year was £110,000 (2017: £106,000) and the amount reversed against the provision was £95,000 (2017: £539,000), therefore the net movement in the provision was £15,000 (2017: £433,000).

CLARENDON SPECIALTY FASTENERS LIMITED

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15. Debtors: amounts falling due within one year

	2018 £000	2017 £000
Trade debtors	4,240	3,865
Amounts owed by group undertakings	1,967	16
Other debtors	25	12
Prepayments and accrued income	56	47
Deferred taxation (note 18)	16	-
	<u>6,304</u>	<u>3,940</u>

All amounts due from fellow subsidiary undertakings are due within one year, are repayable on demand and are non-interest bearing (2017: Same).

Trade debtors are stated net of an impairment provision of £Nil (2017: £13k).

16. Cash and cash equivalents

	2018 £000	2017 £000
Cash at bank and in hand	<u>922</u>	<u>930</u>

17. Creditors: amounts falling due within one year

	2018 £000	2017 £000
Trade creditors	3,334	2,725
Amounts owed to group undertakings	83	526
Corporation tax	606	530
Other taxation and social security	303	291
Other creditors	159	140
Accruals and deferred income	594	486
	<u>5,079</u>	<u>4,698</u>

All amounts due to fellow subsidiary undertakings within one year, are repayable on demand and are non-interest bearing (2017: Same).

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18. Deferred taxation

	2018 £000	2017 £000
At 1 October	(8)	13
Credited/(charged) to profit or loss	24	(21)
At 30 September	16	(8)

The deferred taxation balance is made up as follows:

	2018 £000	2017 £000
Decelerated capital allowances	(9)	(14)
Short term timing differences	25	6
	16	(8)

The deferred tax asset is recognised on the basis of an expectation of sufficient future profits in the short term against which the future reversal of the timing difference may be deducted.

19. Called up share capital

	2018 £	2017 £
Authorised, allotted, called up and fully paid		
100 (2017: 100) Ordinary shares of £1.00 each	100	100

CLARENDON SPECIALTY FASTENERS LIMITED

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20. Commitments under operating leases

At 30 September 2018 the Company had future minimum lease payments under non-cancellable operating leases as follows:

	2018 £000	2017 £000
Land and buildings		
Not later than one year	32	12
Later than one year and not later than five years	40	-
	<u>72</u>	<u>12</u>
	2018 £000	2017 £000
Other		
Not later than one year	36	43
Later than one year and not later than five years	46	42
	<u>82</u>	<u>85</u>

21. Contingent liabilities

The company, along with certain other companies in the Group, have given a guarantee in respect of the bank borrowings facility of its parent undertaking of £30,000,000. At 30 of September 2018 the amount of the facility utilised was £Nil (2017: £Nil).

22. Controlling party

The immediate parent undertaking is Pride Limited.

The Company's ultimate parent undertaking and ultimate controlling party is Diploma PLC, a company incorporated in United Kingdom and registered in England and Wales, which is the smallest and largest group into which the results of Clarendon Specialty Fasteners Limited are consolidated. Copies of the Group's financial statements are available from the Group Company Secretary, Diploma PLC, 12 Charterhouse Square, London, EC1M 6AX.